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1 AUG 1959

MEMORANDUM FOR: Acting Deputy Director (Support)

SUBJECT: FY 1960 Budget for the Office of Security

1. At a meeting with the Deputy Director (Support) on 4 August 1959 it was determined that there was a difference of \$461,000 between the budget figure established by the Comptroller and the then proposed Office of Security budget operating figure for FY 1960. This difference in budget allocation is identical to the problem that occurred last year and which, in the opinion of the Office of Security, represents an unrealistic approach to the budget of this Office.

2. For example, in FY 1959 the Comptroller's budget figure for the Security Office, later supplemented by the mandatory pay raise, came to [REDACTED]. This figure was under the expressed requirements of the Security Office by approximately \$500,000 and upon request the Comptroller allocated a supplemental equaling this amount. The majority of these requirements existed and were so stated in our original estimate for FY 1959, but were not recognized when the budget allocation was given. The remainder covered additional requirements levied subsequent to the submission of the estimate and were pointed out in our statement of position submitted to the Comptroller's Office early in 1959.

3. In connection with this year's budget, FY 1960, we are being faced with identically the same situation, namely, a budget allocation from the Comptroller's Office which is less than the mandatory requirements of this Office. It is important to note that 90% of the present asking budget, as attached, of the Security Office represents fixed

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comparative feature we are not dealing with projects, research, programs or activities which may be desirable and which may be suspended or considered in later years.

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4. The Security Office considers its mandatory budget requirements to be [REDACTED] however, the Comptroller's Office has recommended [REDACTED] as the budget figure for FY 1960. At the meeting of 6 August the Deputy Director (Support) stated that the Security Office and the Comptroller's Office should meet and try to bridge the gap existing in the Security Office mandatory budget requirements and the Comptroller's recommended budget figure. After a four hour meeting [REDACTED] saw fit not to change his budget figure. The Office of Security could not agree to this arbitrary figure and accordingly, is submitting its position to you for consideration and resolution of this problem.

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5. In this situation where the mandatory operating requirements of the Office of Security represents 98% of its budget, any drastic cut will have a profound effect on Security Office operations for this year and subsequent years. The Deputy Director (Support) stated there would be no supplemental budget allocations; therefore, this issue must be resolved at this time and not later in the fiscal year. In the face of a minimum budget cut of \$266,000 this Office must, on a policy decision basis, do one or all of the following:

a. PROTECTIVE SERVICES. Reduce the number of guard positions and protective measures in the [REDACTED] Agency buildings and in the new building construction. This means a definite lessening of the security of the buildings and the classified information contained therein as the present guard system is operating on what we consider the minimum economical and security requirements. Such reductions will have a related effect on Agency activities and operations. Reduction in guard coverage for Agency buildings must reflect an Agency policy decision accepting the security factors inherent in reduced protective services.

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b. PERSONNEL COSTS. A drastic cut in the budget could be met in this category only by a reduction in force which would represent an Agency policy decision in this regard. The Security Office is meeting, through attrition, the one and two per cent personnel reductions; however, large scale cuts in personnel

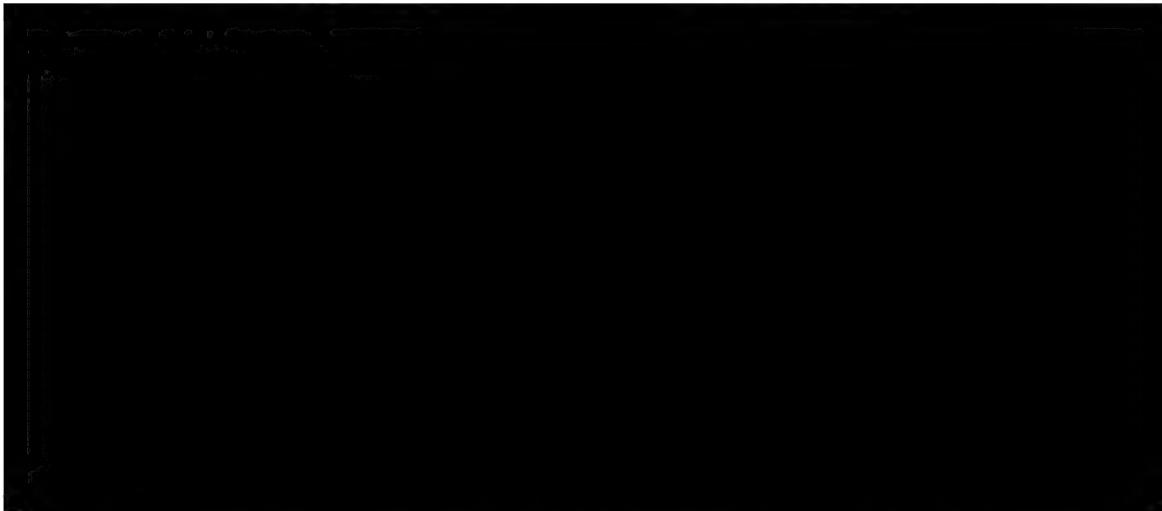
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beyond this figure can only be accomplished by reduction in force. In addition to the basic personnel policy involved herein, there would be a serious curtailment of Security Office operations, particularly in the field of investigations and clearances for all categories of Agency operations. At the present time we are running a peak load of investigative requests and cuts in personnel will mean long delays in the clearances of all categories or inability to accept certain categories of clearance requests. Any cut of this nature will have a direct effect upon all parts of the Agency which levy investigative requests for clearance purposes and operational support requests on the Security Office.

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6. The budget estimates for Headquarters needs, the safehouse activity, the counter-audio program, and two other miscellaneous items are justified as a necessary part of the Security Office operation. In regard to the counter-audio program, this is necessary to Agency protective requirements, agreements reached with the sub-committee of the National Security Council and imperative from the number of technical penetrations made of U. S. installations by the Soviets and Satellite nations.

7. The Security Office feels that a definite decision is necessary in this regard so that a proper and realistic budget can be established which will permit the Security Office to effectively operate. We had this same problem last year and unless realistically approached we will have it again this year and for FY 1961. To arbitrarily set a budget figure below the minimum operating requirements without an

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Agency policy decision that certain categories of security services will be lessened or eliminated is, in our opinion, unrealistic. The requirements carried out by the Security Office representing 98% of its budget are imposed on the Security Office by Agency policy and Executive Directives in the field of protective services and in the field of security clearances and operational support by Agency policy and the operating needs of all parts of the Agency.

8. There is attached a budget for the Office of Security for FY 1960 which is a result of careful study and analysis and represents what we consider the mandatory requirements of this office totalling [REDACTED]. This Office has reduced this cost at every point where it is deemed feasible. It is requested that the Security Office be given for FY 1960 this amount for budget purposes in order to properly carry out its responsibilities.

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SIGNED

[REDACTED]
Acting Director of Security

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Attachment:
Budget

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